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South-South cooperation for development

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Review of progress made in implementing the Buenos Aires Plan of Action, the new directions strategy for South-South cooperation and the Nairobi outcome document of the High-level United Nations Conference on South-South Cooperation**

Summary

The present report reviews trends and issues relevant to South-South cooperation from 2009 to 2011. It does so within the framework set by the 1978 Buenos Aires Plan of Action, the 1995 new directions strategy for South-South cooperation and the Nairobi outcome document adopted in 2009 by the High-level United Nations Conference on South-South Cooperation. In addition to the bilateral, regional and interregional patterns of cooperation among developing countries and the support provided by developed countries, the report looks at the activities of the United Nations system and notes the important roles of civil society and the private sector. The report is submitted in response to decision 16/2 adopted by the High-level Committee on South-South Cooperation at its sixteenth session, in 2009.

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I. Introduction

1. The three years from 2009 to 2011 covered in the present report have been a defining period for South-South cooperation. For the first time in the history of the world economy, most developing countries continued to grow while many developed countries fell into what some analysts have dubbed the "great recession". This divergence was attributable partly to the strength of domestic demand in major developing countries and the dynamism of South-South trade and investment flows. Many developing countries now have strengthened technical and institutional capacity to deal with many of the developmental challenges that confront them. In every region, there are centres of excellence in areas necessary to sustain economic growth and development, and, increasingly, they are hubs for South-South cooperation.

2. The potential for South-South cooperation has never been greater; developing countries have the overwhelming majority of the world's population and predominant shares of the planet's arable land and raw materials, they are projected to have nearly 60 per cent of global gross domestic product (GDP) by 2030,[1] and extreme poverty has fallen by half across the developing world. Nevertheless, reports indicate that there will still be roughly 1 billion people living below the $1.25-per-day poverty line in 2015 and climate change continues to disproportionately affect poor communities and countries.

3. In that context, support for South-South and triangular cooperation from developed countries, civil society and the private sector has incr[illegible]sed in the light of the challenges that require global collective action and the opportunities that South-South cooperation presents, as discussed below. In particular, developed countries have in some cases included South-South cooperation within their overall foreign policy frameworks.

4. The present report reviews progress made during the period 2009-2011 in the implementation of the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries, the new directions strategy for South-South cooperation, and the recommendations in the Nairobi outcome document of the High-level United Nations Conference on South-South Cooperation. It is based on information contained in recent United Nations reports and in reports of other multilateral organizations, information shared at meetings of United Nations focal points on South-South cooperation, and relevant analytical studies. The trends and initiatives described in the report are illustrative of the current surge in South-South interactions.

II. Global context and trends

5. South-South knowledge exchange between countries facing comparable challenges is increasingly recognized as a tool for facilitating capacity development and innovation. During the reporting period, organizations such as the World Bank Institute and the Korea Development Institute conducted assessments to determine the impact of their South-South knowledge exchange programmes. In addition to

[1] Organization for Economic Cooperation and Development (OECD), *Perspectives on Global Development 2010: Shifting Wealth* (2010).

providing empirical evidence on the effectiveness of knowledge exchange, these assessments have also highlighted lessons and actions to improve the future design and management of knowledge exchange programmes.[2]

6. The unprecedented growth in major developing countries and the quantum changes in the importance of South-South cooperation have occurred against a global background of extreme volatility and crisis in the global North. Southern countries have maintained an average annual growth of 4.8 per cent during the past decade and have grown rapidly in the past several years despite the 2008 global economic recession. In 2010 alone, developing and emerging economies grew on average by 7.3 per cent, while the economies of least developed countries grew by 5.7 per cent. The combined economic output of the South accounted for 45 per cent of global GDP that same year.

7. As at 2010, the share of trade in the developing countries and the Commonwealth of Independent States stood at an unprecedented 45 per cent of global trade, up from 24 per cent in 1960. South-South trade expanded from 12 to 22 per cent of world trade between 2005 and 2009 and is expected to accelerate following the successful conclusion of the São Paulo Round of Negotiations on the Global System of Trade Preferences and the agreement reached to facilitate South-South trade.

8. Great promise for South-South cooperation is also to be seen among countries making rapid advances, including Bangladesh, Colombia, Egypt, Indonesia, Iran (Islamic Republic of), Mexico, Nigeria, Pakistan, the Philippines, the Republic of Korea, South Africa, Turkey and Viet Nam, which are considered as having the potential for stable, solid growth and for becoming attractive destinations for foreign investment. The middle class in emerging markets is expected to grow from about 250 million people in 2000 to 1.2 billion people by 2030.[3] In the Asia and the Pacific region in particular, consumer spending is projected to reach $32 trillion, or 43 per cent of global consumption, by 2030.[4]

9. Another notable aspect of the review period is the attention given to the very substantial flows of development finance under the auspices of South-South cooperation. Developing countries have traditionally emphasized that financial flows under South-South cooperation are not official development assistance (ODA) but rather an expression of solidarity among equals. The magnitude of this form of solidarity has grown and has raised analysts' interest in understanding its quantity and development impact. In 2008, the World Bank estimated it to be in the range of $12 billion to $15 billion. A study by the Department of Economic and Social Affairs of the United Nations Secretariat suggested that South-South financial flows between 2006 and 2008 had grown by 78 per cent. The OECD Development Assistance Committee in 2009 put the figure at $7 billion and has called for open dialogue on partnerships without preconditions.

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[2] World Bank Institute, "Using (South-South) knowledge exchange for capacity development: What works in global practice?"

[3] "Beyond the BRICs" (15 February 2011), available from http://www.fm-magazine.com/feature/depth/beyond-brics.

[4] Shikha Jha and Peter McCawley, "South-South economic linkages: an overview", Asian Development Bank Economics Working Paper Series, No. 270 (1 August 2011).

10. The capacity of developing countries to reach for new development opportunities has been strengthened by the spectacular growth of national foreign currency reserves and sovereign wealth funds. In 2008, the foreign reserves of developing countries stood at $4.2 trillion, 150 per cent of developed-country holdings. By the end of 2011, they had increased to $7 trillion. Most of that money is invested at low interest rates in foreign money markets and contributes little to development, but there are efforts to channel some of it to existing regional development banks or new ones such as the Latin American Bank of the South and the proposed bank of Brazil, China, India, the Russian Federation and South Africa.

11. Flows of migrant workers among developing countries have increased recently and accounted for a majority of the 241 million people who lived outside their country of origin in 2011 (up from 150 million in 2000). In 2010, only one in three international migrants moved from a developing to a developed country. Remittances to developing countries from these migrant workers have boomed to $325 billion (2010), about three times more than all ODA. Millions of migrant workers, about half of them women, work without any protective intergovernmental agreements, but a few encouraging remedial actions are evolving as Governments in developing countries continue to seek cooperation in this area. Governments in Africa, Latin America and the Caribbean are committed under various subregional integration agreements to accord equal treatment to migrant workers. The International Organization for Migration has recognized the need for South-South cooperation on these issues and has supported more institutionalized regional consultations.

12. New opportunities for expanding South-South cooperation have also appeared because of the revolutionary improvement in the state of connectivity within and among developing countries. The percentage of the African population using mobile telephones has increased from 2 to 51 per cent in the past decade. With the number of users increasing since 2009 at a staggering 26 per cent per year, over 500 million Africans are now on networks that span the continent. In terms of broadband connectivity, the digital divide remains, but owing to mobile telephony, the South is gradually reaping a variety of connectivity dividends, including the efficiencies of e-commerce and e-government. Among the unexpected benefits already accruing to developing countries as a result of improved communications has been the growth in outsourcing of "microwork" to freelancers, mostly over the Internet but increasingly over mobile telephones.

13. South-South cooperation has increasingly been recognized as a tool to support countries emerging from conflict as they confront a wide range of urgent demands to build and sustain peace that are often hampered by a critical shortage of capacity to meet priority needs quickly and effectively. Countries such as Rwanda and South Africa that have experienced a transition to sustainable peace have valuable experience and skills to contribute and offer a unique understanding of post-conflict environments.

14. Major developed countries have acknowledged the need for rebalancing global forums to give greater voice to developing countries in global governance. The clearest move in this direction has been the evolution of the Group of Twenty (G20), established in 1999 as a North-South consultative mechanism in the wake of the Asian financial crisis. After the onset of the current financial crisis, leaders of the Group of Eight convened a G20 summit to discuss the coordination of policy

responses and in September 2009 announced that the larger group would replace their own as the premier forum for international economic coordination.

15. The private sector has continued to be of vital importance to South-South cooperation in all regions. Transnational corporations that drive the global economy have been largely responsible for the flows of trade, investment and technology that have made South-South economic relations so dynamic. However, the operations of a number of them have had some pronounced negative effects on the natural environment and most tend to increase economic inequalities within societies. In contrast, small and medium-sized enterprises tend to have a generally more positive impact, creating jobs and wealth within the communities in which they operate.

16. Civil society organizations continue to be engaged in South-South cooperation at many levels and in diverse fields, often in pioneering roles. Their roles are difficult to encapsulate in any brief description because of the diversity of their engagements, whose impact is difficult to quantify.

17. United Nations organizations and agencies continue to engage in and promote South-South cooperation on a broad and diversified front. As noted in the report on the consideration of reports by the Administration of the United Nations Development Programme (SSC/17/2), United Nations system members have during this review period mainstreamed South-South cooperation in their policies and programmes, prioritized knowledge management and exchanges for South-South development, adapted innovative approaches to resource mobilization and established and strengthened networks and southern centres of excellence. However, there is room for system-wide improvement in coherence and coordination.

III. Developing countries

18. The benefits of South-South cooperation are beginning to be noticeable in the economic transformation that it brings about in the 48 least developed countries, which have a combined population of 880 million and a per capita income of less than a dollar a day. Although only Maldives graduated from the least developed country status during the reporting period, South-South cooperation is nonetheless making an impact as emerging economies present least developed countries with opportunities for greater access to capital, development finance and affordable technology. The United Nations Conference on Trade and Development (UNCTAD) *Least Developed Countries Report 2011* confirms that investments from other developing countries have been on the rise in least developed countries, particularly in sub-Saharan Africa. Between 2003 and 2010, the share of foreign direct investment (FDI) projects accounted for by southern investors increased from 25 per cent to 40 per cent just as total FDI flows to least developed countries were growing on average nearly 20 per cent per year.

19. It is noteworthy that least developed countries are banding together to promote mutual economic growth and development with support from regional and multilateral organizations. In August 2011, Malawi, Zambia and Mozambique announced the relaunch of the Malawi-Zambia-Mozambique growth triangle to enhance and strengthen economic growth among the low-performing regions of these countries through cooperation on complementary economic objectives. Originally established in 2000, the growth triangle is modelled after the greater Mekong subregion initiative in South Asia and is expected to enhance regional

integration through the Southern African Development Community (SADC)-Common Market for Eastern and Southern Africa (COMESA)-East African Community (EAC) Tripartite Free Trade Agreement.

20. The Programme of Action for the Least Developed Countries for the Decade 2011-2020, adopted by the Fourth United Nations Conference on the Least Developed Countries, held in Istanbul, Turkey, in 2011, emphasized the importance of South-South cooperation in overcoming structural challenges to development and set a target of enabling at least half of the least developed countries to graduate out of the group by 2020. The realization of that goal will depend partly on stronger collaborative links between the least developed countries and the more advanced developing countries in order to enhance the productive capacity of the least developed countries, enabling them to participate effectively in South-South trade and investment.

21. In every region, countries big and small have continued to engage in bilateral and treaty-based economic integration arrangements as a framework for South-South cooperation. Such efforts signal a growing determination to advance South-South cooperation as a political and economic imperative.

22. The South has witnessed an acceleration of regional integration and the establishment of stronger capacity-building mechanisms through action plans with specific timelines and specialized cooperation in the areas of free trade agreements, common currencies and infrastructure development. Developing countries are also increasingly focusing on science and technology innovations and knowledge management to facilitate and accelerate trade and investment. Transboundary issues, including the management of shared water and other natural resources, health pandemics and environmental concerns, have become increasingly prominent as countries work to manage and maintain shared resources at the subregional and regional levels.

A. Africa

23. The African Union has been the most visionary and comprehensive in regional efforts at South-South cooperation. It has established a framework within which an African common market will be built by the progressive integration of eight existing subregional economic communities. Three of these communities, namely, COMESA, EAC and SADC, are working to create a tripartite free trade area to accelerate efforts towards regional integration and creation of a single regional trading bloc.

24. FDI flows to Africa reached an all-time high of $73 billion in 2008 but fell after the financial crisis to $54 billion in 2010 and 2011. However, projections of current trends show FDI in Africa rising to $150 billion by 2015. While the rise in FDI levels is attributable to the intensification of South-South trade and investment flows among southern countries with emerging economies such as Brazil, China and India leading the way, analysts have noted the rise of "African lions", high-performing African economies such as Botswana, Egypt, Libya, Mauritius, Morocco, South Africa and Tunisia (before the Arab Spring) that have outperformed Brazil, the Russian Federation, India and China (the BRIC countries) since 2008 as measured in terms of per capita GDP levels. Five countries in Africa (Algeria, Egypt, Morocco, Nigeria and South Africa) account for 60 per cent of the GDP of

Africa, and other countries, such as Angola, have expanded in GDP growth by 13 per cent annually over the past decade.[5]

25. Moreover, in the past 10 years investment from emerging markets into Africa more than doubled: in 2003 there were 100 new projects, while in 2010 that number grew to 240, representing a growth rate of 13 per cent annually. Similarly, South Africa has promoted development cooperation through its African Renaissance and International Cooperation Fund, and in 2011 it announced the establishment of the South African Development Partnership Agency to support development initiatives in Africa. Two thirds of the funds of South Africa for South-South cooperation are disbursed through the African Renaissance and International Cooperation Fund, with a further 17 per cent through the African Union and 7 per cent via the New Partnership for Africa's Development and SADC.

26. Efforts to meet the Millennium Development Goals have spurred African countries and organizations to focus on strategic areas such as education and science and technology. In March 2010, science ministers of the African Ministerial Council on Science and Technology gathered in Egypt and announced the "Decade for Science in Africa" (2011-2020), in an effort to keep science and technology at the forefront of the African political agenda. Furthermore, six years of consultations over the creation of the Pan-African University came to a head in December 2011, with agreement on the creation of five centres of excellence spread around the continent that will focus on post-graduate training and research.

27. Food security has also taken on new significance in the light of advances in technology that have the potential to boost agricultural production. SADC established the Centre for the Coordination of Agricultural Research and Development for Southern Africa in July 2011 to promote new research and technology and strengthen links among the agricultural institutions in the SADC region. The Centre will coordinate the implementation of the SADC Multi-country Agricultural Productivity Programme and provide funds for coordinated research that will benefit small and commercial farmers in the region.

28. Despite these positive trends and notable improvements, a number of challenges continued to hamper development efforts of countries in the region. Infrastructure deficits have been the major impediment to increased intra-African trade. An UNCTAD study estimated in 2009 that improving physical infrastructure and reducing transport costs by 50 per cent could potentially expand trade fivefold and help to enhance the development impact of the emerging partnerships that African countries are establishing with other southern economies.

29. Also, African exports to the rest of the world have for years been primarily commodities such as oil, which has not spurred job growth. This shortcoming is now heightened by the growing demand for commodities in Asian markets. During the period 1995-2009, about 80 per cent of African exports to China were commodities, with oil accounting for over 50 per cent. Intra-African trade offers a contrast: it has been more evenly distributed among fuels, non-fuel primary products, food and manufactured goods.

[5] Boston Consulting Group, "The African challengers: global competitors emerge from the overlooked continent" (2010).

30. Furthermore, a new feature of South-South cooperation has been the leasing of large tracts of land by southern and northern corporations, including Government-owned entities, to grow food. The practice seems to have taken off during the 2008 food crisis and to have built on the experience of large model farms originally conceived as a way of transferring technology. Civil society activists, particularly in Africa, have expressed concerns that corporations are exploiting local people and resources and have pressed for monitoring and guidelines to ensure that all transactions are equitable.

B. Asia

31. Although beset by ongoing conflicts and tensions in parts of the region, Asia remains at the centre of global South-South cooperation owing in large part to the policies and programmes of China, India and the States members of the Association of Southeast Asian Nations (ASEAN). Apart from efforts to further institutionalize South-South cooperation, Asia has been most active in intraregional cooperation in its eastern region and in more interregional cooperation in its more western region. Intraregional initiatives have capitalized on economic integration towards greater political and development-oriented cooperation. Interregional arrangements have focused primarily on economic connections.

32. Regional institutions, in particular those on a timeline to achieve integration and a common market, have influenced efforts to strengthen cooperation, with emphasis on institution-building. In Asia, the 10-member ASEAN continues to solidify its plans in establishing a single economic community by 2015 with the adoption of the 2010 Master Plan on ASEAN Connectivity to promote stronger physical and institutional connectivity and communication as well as enhanced people-to-people linkages within the region. Additionally, January 2010 marked the official start of the ASEAN-China Free Trade Agreement. In recent years, the economic success of ASEAN has been supplemented by a growing political reach institutionalized in consultative processes with Asian and extraregional States as demonstrated by the ASEAN Regional Forum bringing together all Asian and global partners annually.

33. Among the eight-member South Asian Association for Regional Cooperation (SAARC), the review period saw all States in the region under democratically elected Governments for the first time since the end of colonial rule over six decades ago. In addition, relations between its two largest States began to thaw with talk of greater trade and cooperation, fanning hopes that SAARC will be able to better capitalize on its past work of building institutions and setting standards through legal agreements and conventions. In particular, at the twenty-fifth anniversary summit, SAARC members noted the concept of "gross national happiness" as pursued by Bhutan, which, inter alia, is aimed at supporting people-centric development, the focus of the summit.

34. The Gulf States, including Kuwait, Qatar, Saudi Arabia and the United Arab Emirates, have become significant providers of South-South development assistance, with Saudi Arabia providing $2 billion every year. Among the Arab League and the Gulf Cooperation Council, intraregional cooperation was stymied owing to the variety of conflicts in the subregion, leading to a focus on interregional cooperation initiatives. Notably, both Africa and Latin America have emerged as

destinations for investments from Gulf countries and efforts are ongoing to broaden political linkages. The Summit of Arab-South American Countries process launched in 2005 has helped to double interregional trade, and the connectivity of the two regions increased significantly: there now direct flights between Dubai and Rio de Janeiro. Links with African States have also improved significantly, with Dubai emerging as an important trans-shipment point, handling some 10 per cent of African exports and imports even as Arab companies work to develop deepwater ports in Africa.

35. As noted earlier, many Asian countries such as China, Indonesia, India, the Islamic Republic of Iran, Malaysia, Singapore, Saudi Arabia, Qatar, Thailand and Turkey are involved in numerous interregional arrangements focused primarily on strengthening economic connections with other countries in the South. Among the notable examples, India has a global footprint, with programmes involving 168 countries. The Indian Technical and Economic Cooperation programme and the Special Commonwealth Assistance for Africa Programme are the main agencies for cooperation. Under their auspices, over 6,500 students have attended some 200 training courses at a range of universities and management institutes. The Indian Council for Cultural Relations has provided over 2,500 scholarships to foreign students in 21 programmes. The Research and Information System for Developing Countries, an autonomous think tank in New Delhi, promotes research supportive of South-South cooperation. Perhaps a unique South-South cooperation course offering among those being adapted in Africa is at the "barefoot college" for mature and often unlettered women, who are trained to become solar engineers. Under the India-Africa Forum process, India has pledged to develop 80 capacity-building institutions. Among the initiatives are an institute of foreign trade, an institute of educational planning and administration, an institute of information technology, a centre for medium-range weather forecasting, support for the Pan-African University Centre for Life and Earth Sciences, an institute of agriculture and rural development and a civil aviation academy. Humanitarian programmes have provided food aid, medical care and cash transfers to support countries affected by natural disasters. The Government has also supported South-South cooperation through lines of credit worth $8.5 billion to 58 developing countries, of which $6.0 billion has been allocated to African countries. As the world's leader in the production of generic drugs, India has taken the lead in providing affordable, first-line antiretroviral drugs used to treat people living with HIV.

36. In terms of global impact, the South-South interactions of China have been a major factor in protecting Africa and Latin America from experiencing many of the negative impacts of the recession experienced by the United States of America and Europe. As of 2009, China had signed South-South cooperation agreements with 45 African countries, and its cumulative investment in Africa totalled $11 billion as of 2010. Through the China-Africa Development Fund, China had earmarked $700 million for over 30 projects in Africa including agriculture, manufacturing, construction and mining. Chinese exports to the BRIC countries increased fourfold between 2006 and 2010. In the same period, imports doubled. The China-ASEAN free trade area is now the largest in the world, with trade between the two regions topping $350 billion. The target for bilateral trade is $500 billion by 2015.

37. Malaysia and Thailand have expanded their bilateral and regional South-South cooperation programmes to benefit countries in other regions. The Malaysian Technical Cooperation Programme has provided assistance on a South-South basis

to 140 countries, spending 9 per cent of gross national income on South-South cooperation activities in 2010. As of 2009, through the Thailand International Development Cooperation Agency, the Government of Thailand was spending 11 per cent of its gross national income on South-South cooperation activities, focusing on disaster preparedness, rural health and irrigation, and combating malaria. Singapore is sharing its expertise on public sector management with countries in Asia and Africa.

38. Turkey now has 26 programming coordination offices in over 20 developing countries in Central Asia, the Caucasus, the Balkans, the Middle East and sub-Saharan Africa. The Turkish International Cooperation and Development Agency (TIKA) has established numerous programmes to enhance capacity for local food production in Bosnia and Herzegovina and Uzbekistan. In Kyrgyzstan and Tajikistan, TIKA helped to develop a new system of planting cotton that enhanced yields. In the Darfur region of the Sudan, it has provided low-cost seeds to 20,000 low-income families in 12 cities for sustainable crop yields consisting of cereals, fruits and vegetables.

C. Latin America and the Caribbean

39. In Latin America and the Caribbean, efforts at regional integration and institution-building are progressing apace, including joint programming and legal reforms serving to facilitate intraregional cooperation, migration and trade. Furthermore, a number of subregional organizations are actively partnering across regions and through triangular partnerships to boost economic growth through sharing of knowledge and experience.

40. In the region, the idea of continental union has continued to solidify since the 2008 signing of the 12-member Union of South American Nations Constitutive Treaty between the leaders of the Common Market of the South (MERCOSUR) and the Andean Community. In 2010, by the time the Treaty came into force, the Union of South American Nations institutions had begun to take shape, including the appointment of a Secretary-General; ground-breaking for the secretariat headquarters in Quito; and the establishment of the South American Parliament in Cochabamba, Plurinational State of Bolivia, and the Bank of the South in Caracas.

41. The Organization of American States (OAS) members have committed to achieving a collective framework of goals known as "Vision 20/25: Science, Technology and Innovation" towards more effective and faster technological development in the region. The overarching vision is to promote a culture of technology-based innovation that fosters advanced science education accessible to all throughout the region and subsequently promotes inter-American cooperation in this area. Furthermore, OAS and the Caribbean Community (CARICOM) collaborated to establish the Joint Electoral Observation Mission to facilitate and monitor the 2010 elections in Haiti towards a peaceful democratic tra..sition in spite of myriad economic and social challenges.

42. Two other initiatives to build pan-regional cooperation are the Bolivarian Alliance for the Peoples of Our America and the Community of Latin American and Caribbean States (CELAC). The Bolivarian Alliance, founded in 2004 and

composed of eight members[6] and three observers, established the Bank of the Alba in 2008 and a virtual currency, the sucre, that is used mainly in direct trade (valued at $216 million in 2011) between members of the group. CELAC was founded in February 2010 at the CARICOM and Rio Group summit.

43. Despite the plethora of global political, economic and social crises that affected the heavily tourist-dependent regional economy and integration efforts in the Caribbean region, notable achievements were seen, in particular, in the harmonization of policies and efforts in areas such as labour, education, environment, climate change, health, law and order and regional security. Progress towards the CARICOM Single Market and Economy has been quite slow but some encouraging trends are seen in the free movement of labour, capital, and goods and services in the region. For instance, intraregional imports and exports grew by 92 per cent and 200 per cent, respectively, between 2004 and 2008, albeit unevenly and erratically. South-South cooperation has also continued to make progress on other tracks. For example, the University of the West Indies led a successful effort with support from the Inter-American Development Bank to create the Caribbean Regional Non-communicable Diseases Surveillance System, which initiated annual reporting in 2011. This innovative system collects and analyses national data with a view to improving planning, delivery and monitoring of health programmes and protocols relating to chronic diseases.

44. Similar to the Asia region, many countries in Latin America such as Argentina, Brazil, Chile, Colombia, Cuba, Mexico and Venezuela (Bolivarian Republic of) support South-South initiatives to benefit nations in other regions. For example, Brazil is active in South-South cooperation projects in over 80 countries (see A/66/717, para. 134) and has expanded economic linkages with Africa while initiating programmes to foster regional stability with the Plurinational State of Bolivia and Paraguay. In the past seven years, the financial component of the innovative South-South cooperation programme of Brazil has tripled as the country shared experience gained in a decade-long national effort that (a) reduced by 24 million the number of people living in extreme poverty, a 66 per cent decrease; (b) cut malnutrition by 25 per cent; (c) increased adult education levels by 30 per cent; and (d) raised employment by 25 per cent. These remarkable achievements were the result of a zero hunger policy that sourced food supplies from small farmers to feed children, adolescents and needy adults and, through the Bolsa Familia (Family Grant) programme, gave money to poor families to keep children healthy and in school. Brazil is also sharing its expertise in national energy independence and the production of biofuels in sub-Saharan Africa, with support from the African Development Bank.

IV. Developed countries

45. Developed countries have also registered a rising level of enthusiasm for South-South cooperation since the Third High-Level Forum on Aid Effectiveness (Accra, 2008), at which they endorsed South-South cooperation as an effective modality for capacity development. In the Accra Agenda for Action, they recognized

[6] Members are Antigua and Barbuda, Bolivia (Plurinational State of), Cuba, Ecuador, Dominica, Nicaragua, Saint Vincent and the Grenadines and Venezuela (Bolivarian Republic of), with Haiti, Saint Lucia and Suriname serving as participant observers.

the importance of exchanging experiences with developing countries and in 2009 set up a task force of the Development Assistance Committee of OECD to enable these exchanges. The Task Force, chaired by Colombia, collected 110 case studies on South-South cooperation that formed the basis for discussions at a meeting in Bogota, that prepared for the Fourth High-Level Forum on Aid Effectiveness (Busan, Republic of Korea, 2011). The Busan Forum recognized South-South cooperation as a major driver of development cooperation, representing a new form of cooperation complementing North-South cooperation and making traditional development aid more culturally relevant. The G20 has also endorsed South-South cooperation strongly as an innovative tool to foster trade, improve food security, accelerate growth, mobilize domestic resources and build the knowledge-sharing platforms necessary to enable and support mutually beneficial action by developing countries.

46. Among the major national sponsors of triangular cooperation, including Canada, Germany, Japan, Spain and the United States, Japan and the United States have the largest portfolio of triangular cooperation projects, covering a wide variety of issues. As evidence of the increasing importance given to South-South and triangular cooperation, the United States, the world's largest donor of ODA, took the extraordinary step in 2010 of issuing the first-ever Presidential Policy Directive on Global Development. In that policy directive, the United States recognized the country's commitment to "an aggressive and affirmative development agenda and commensurate resources, [to] strengthen the regional partners we need to help us stop conflict and counter global criminal networks; build a stable, inclusive global economy with new sources of prosperity; [and] advance democracy and human rights". Under the new approach, the United States announced that it was working with partners "to provide 'fast start' climate finance approaching $30 billion during the period 2010-2012 to help to meet the adaptation and mitigation needs of developing countries, including deploying clean energy technologies". Similarly, the European Union has advanced work on a collaborative policy on South-South and triangular cooperation as developed countries have sought to include South-South peer learning into aid policies and programmes.

47. African, Caribbean and Pacific (ACP) countries and the European Union have continued to maintain strong linkages in this time period through the Cotonou Agreement of 2003 that promotes political dialogue and financial arrangements supportive of a wide range of South-South cooperation goals. Under the Tenth European Development Fund (2008-2013), the European Union has committed to providing approximately 22 million euros for ACP States, with 5.6 million euros earmarked for infrastructure development in Africa.

48. Capacity-building continues to play a key role in triangular cooperation arrangements. In 2010, the European External Action Service of the European Commission initiated the Chemical, Biological, Radiological and Nuclear Centres of Excellence initiative. This initiative is aimed at building capacities for cooperative action through eight subregional centres in Africa, the Middle East and Asia. Another example is found in the support of the Japan International Cooperation Agency (JICA) to a programme on disaster risk management and climate change that brings together small island developing States in the Pacific and Caribbean. A key outcome of both initiatives is the development of support networks of highly qualified experts capable of helping to formulate policies and provide advice on the mitigation of risks.

49. JICA continues to be a key development partner for the South, assisting developing countries through 1,300 programmes with an estimated 12,000 participants. The Republic of Korea, through its Korea International Cooperation Agency, had assisted 123 countries and spent $1,168 million or 12 per cent of its gross national income on South-South cooperation as of 2009. In collaboration with the United Nations Development Programme (UNDP), the Republic of Korea has also established a policy centre on South-South peer learning in the area of science and technology.

V. United Nations system and other multilateral organizations

50. The activities of the United Nations funds, programmes and specialized agencies are numerous and wide-ranging. The numerous South-South cooperation activities of United Nations specialized agencies, funds and programmes cannot be adequately described in the space available here. However, the following paragraphs highlight three themes that are both new and important going forward. One is the emphasis that agencies and programmes are placing on South-South cooperation as a matter of policy; they are not only mainstreaming the modality but giving it pride of place. The other two are the growing reliance on Web-based platforms to foster the sharing of knowledge and experience and the establishment or strengthening of southern centres of excellence in strategic thematic areas.

51. The awareness of South-South cooperation as a strategic process is being reflected in many ways. In 2009, UNCTAD established the Unit on Economic Cooperation and Integration among Developing Countries, which is set to release a major report on South-South cooperation at the thirteenth session of UNCTAD (April 2012, Doha). During the reporting period, UNCTAD also produced many analytical studies on South-South cooperation to inform the work of policymakers in the areas of trade, finance and investment.

52. The International Labour Organization (ILO) has recognized that the South-South and triangular cooperation modalities "draw on the particular advantage of the ILO, namely the experience and knowledge of its tripartite constituents, as an effective means of capacity development, knowledge sharing, exchanging of experiences and best practices, and interregional cooperation". A strategy paper prepared by the ILO secretariat noted that the agency would place "explicit reliance" on South-South and triangular cooperation in its various areas and special emphasis "on tapping local expertise" through "specialized networks involving constituents and the academic community, as a cost-effective means of enhancing national ownership and institutional capacity".[7] The ILO Inter-American Centre for Knowledge Development in Vocational Training is already doing this through a regional knowledge-sharing platform and network that disseminates information, helps the exchange of experiences, facilitates policy formulation, and connects public institutions, international organizations, social partner organizations, universities and civil society.

53. One initiative of the United Nations Secretariat that melds policy and Web-based platforms in support of South-South cooperation is the initiative commissioned by the Secretary-General to develop an online platform, CapMatch.

[7] ILO, South-South and triangular cooperation: The way forward (GB.313/POL/7), para. 6.

This networking platform is expected to match civilian needs and available capacities for peacebuilding in post-conflict countries for sharing of experiences and lessons learned among those facing similar challenges.

54. The World Bank has also moved in new ways to support South-South cooperation. It established the South-South Experience Exchange Facility in 2008 as a multi-donor trust fund. China, Denmark, India, Mexico, the Netherlands, Spain and the United Kingdom of Great Britain and Northern Ireland have pledged support for it and total contributions are expected to be around $10 million over three years. The World Bank has also organized the Global Development Learning Network and the South-South Knowledge Exchange platform to facilitate interaction among a wide range of stakeholders. On 1 November 2011, the World Bank convened a "Webinar" on the topic, "The South-South opportunity: a global connector role for the World Bank". The Webinar focused on how to strengthen developing countries as knowledge hubs and ensure the participation of non-State entities, such as those from the private sector, civil society and academia.

55. At the operational level, United Nations programmes have incorporated South-South cooperation at regional and interregional levels. UNDP has focused on convening South-South policy dialogues, conducting policy research and analysis and facilitating policy development. It has sought foremost to create an enabling environment for South-South cooperation. To this end, UNDP has helped to set up thematic centres of excellence to promote South-South cooperation, such as the International Policy Centre for Inclusive Growth, in Brazil, and others in countries such as the Republic of Korea and Singapore. These centres undertake research to determine what works and what does not, document solutions, prepare policy briefs and support knowledge outreach/networks as well as facilitate policy dialogue forums. UNDP is currently developing a new corporate South-South cooperation strategy that will include a new business model and approaches to programming. Through its role in the United Nations Development Group, UNDP is also supporting the integration of South-South cooperation into United Nations Development Assistance Frameworks and the work of United Nations country teams.

56. In 2008, the United Nations Educational, Cultural and Scientific Organization (UNESCO) established the International Centre for South-South Cooperation in Science, Technology and Innovation, in Malaysia; it is creating a clearinghouse of best practices to facilitate the sharing of experience. In September 2011, UNESCO signed an agreement with the Government of Nigeria to build an international centre for biotechnology at the University of Nigeria to be operational in 2012. Also, the International Fund for Agricultural Development has signed an agreement with MERCOSUR on six South-South cooperation programmes for information-sharing and technology transfers to Africa (see E/2011/112, para. 13).

57. The United Nations Environment Programme (UNEP) has included South-South and triangular cooperation as a key modality under its medium-term strategy (2010-2013) and established a focal point to oversee implementation. It is also developing guidelines for system-wide incorporation of environmental best practices into South-South cooperation. A Web-based platform is being piloted to facilitate the sharing of knowledge and best practices in environmental conservation and protection. The United Nations Industrial Development Organization has established hubs for South-South cooperation in industrial development in China

and India and the Centre for Renewable Energy and Energy Efficiency, in Cape Verde.

58. The United Nations Children's Fund (UNICEF) partners closely with regional and subregional organizations and shares a wide range of information among developing countries, including best practices for social support of disadvantaged children and families. Under an agreement with the Andean Health Organization, it will promote learning exchanges to reduce chronic child nutrition. Another project involves sharing of child health information among Pacific Island countries. Among small island developing States, UNICEF has established a Fit for Children Network to support learning exchanges and best practices. It has also been active in helping to forge regional agreements to prevent and combat the trafficking of children and women. Through its Laços Sul-Sul programme, UNICEF has supported South-South exchanges of information, action planning and strategic collaboration on HIV and AIDS initiatives. It also coordinated the convening in China in November 2010 of the High-Level Meeting on International Cooperation for Child Rights in the Asia Pacific Region (see E/2011/6, para. 35).

59. By the end of 2011, the Food and Agriculture Organization of the United Nations (FAO) had 47 South-South cooperation projects using 1,500 agricultural experts and technicians. Most recently, under its Strategic Alliance Framework with China, FAO co-signed two new tripartite agreements between China and Liberia and Senegal, respectively, to support food security initiatives, with funding from the $30-million FAO-China Trust Fund. Under other agreements signed in 2010, Vietnamese experts are helping with irrigation activities, rice cultivation, fishing, bee-keeping and food processing in Chad.

60. The Organization of Islamic Cooperation (OIC) and its various institutions continued the promotion of South-South cooperation among its member States in economic, social, humanitarian and related spheres under its 10-year Plan of Action adopted in 2005. This was stimulated by high-level governmental reviews in several ministerial-level meetings notably on the interests and role of women in development; the promotion of tourism; the enhancement of health care, food security and agriculture; and the development of water resources. Noteworthy new areas of cooperation were railway transport, tourism and the improvement of cotton production and processing in OIC member States, in addition to the mobilization of humanitarian assistance for its member States that were emerging from internal conflicts or natural disasters.

61. As the United Nations specialized agencies, funds and programmes have stepped up efforts to apply South-South cooperation as a matter of policy and to build Web-based platforms for sharing knowledge and experience, the Special Unit for South-South Cooperation is responding to their needs by making available to them its three-in-one multilateral support architecture to facilitate linkages among Government, private-sector and civil society partners and southern centres of excellence, as called for by Member States in the Nairobi outcome document.

VI. Private sector and civil society

62. Transnational corporations are playing a critical role in South-South and triangular cooperation as the primary agents of world trade and investment flows. In East and South-East Asia, corporations fashioned the cross-border manufacturing

value chains that caused South-South interactions to surge, and in all regions, they have been primary agents of the spread of mobile phone networks. The "rise of the South" has thus been largely a corporate phenomenon. Governments have facilitated all this through supportive policies, laws and essential infrastructure, and millions of people in developing countries have benefited.

63. However, as the UNCTAD *Trade and Development Report 2011* noted, the current economic crisis has pointed to serious problems with corporate globalization stemming from the weakness of the "existing system of global governance, especially the global monetary and financial system ... Liberalized financial markets have been encouraging excessive speculation ... and instability ... Ignoring these flaws risks another, possibly even bigger, crisis".

64. Intergovernmental transactions on political and economic matters have been underpinned by a much broader interaction of individuals, civil society groups and businesses. Student exchanges, tourism, Web-based knowledge-sharing platforms and electronic networks have created an unprecedented mesh of human interactivity among developing countries. A range of other cooperative activities has raised the interactivity in different sectors.

65. In recent years, private philanthropists have become significant supporters of development in poor countries. The Bill and Melinda Gates Foundation has provided funding for a number of high-profile health and technology initiatives. In one partnership, it joined the United Kingdom Department for International Development and the Government of India to establish the Sustainable Crop Production Research for International Development programme, enabling scientists to research, for example, the impact of stressors such as climate change and pests on five key crops — cassava, maize, rice, sorghum and wheat — to boost sustainable crop yields that would benefit developing countries.

66. The National Service for Industrial Apprenticeship, a Brazilian non-profit organization, is an example of the considerable potential of cooperation between a civil society organization and a specialized agency. Developed with support from ILO, the organization now has more than 48 international partnerships with educational and technological institutions in 25 countries.

67. The African Union is unique among intergovernmental bodies in having an Economic, Social and Cultural Council dedicated to the participation of civil society. Inaugurating its first meeting in 2008, the African Union President, Jayaka Kikwete of the United Republic of Tanzania, characterized it as "more or less a civil society parliament made up of elected representatives of civil society organizations of Member States and the regions of the continent".

68. Many civil society organizations have consistently embodied and nurtured South-South cooperation in their advisory and supportive roles. Although they work with most Governments and every organ, agency and programme of the United Nations, formal consultative structures are few, as are records of their work. This goes to show that beyond Government-to-Government alliances, stronger partnerships that involve civil society and the private sector can go a long way to expand peoples' choices through South-South and triangular cooperation initiatives.

VII. Conclusions and recommendations

69. As the present report shows, South-South cooperation is in a seminal period of enormous potential. Developing countries have the means, experience, consultative mechanisms and connectivity to come to grips with fundamental global issues and to effect epochal changes. Yet nothing is a given: the world faces multiple crises, and if the developed and developing countries do not work coherently towards common ends, the outcome could be deepening crises that will affect the present and future generations.

70. Many developing countries are witnessing rapid economic growth but sustaining the gains calls for the international monetary and financial systems to be reconfigured to better support development through policies and action that spur poverty reduction and the creation of decent jobs, especially for the youth in both the developed and developing countries.

71. The expansion of trade and investment among developing countries holds tremendous potential for sustainable development to alleviate poverty, meet the large deficit of decent jobs and foster the transfer of technology, management skills and a wide range of proprietary goods and services. To achieve these ends, participants in South-South cooperation must be much more strategic in setting and pursuing common goals, building on the tools made available by the information and communication revolutions of the past two decades that make it possible to overcome geographical and other barriers.

72. As poverty rates decline across the South, national Governments will need to continue to invest in health and education, good governance, infrastructure and private-sector development towards reducing inequalities within and among societies. Civil society organizations hold out much promise as effective advocates for equity and democratic structures for governance at all levels. There is a need to create systems for the seamless interaction of all participants in the development process, from entrepreneurs and social activists to Governments and international agencies. Such a system would be invaluable in reshaping the architecture of international cooperation to accommodate the shared global interests in an equitable and inclusive world order.

73. Governments of developing countries should work to boost their productive capacities by engaging private-sector entrepreneurs and academia through South-South and triangular cooperation partnerships that turn the knowledge generated in firm-based research centres and academia into affordable goods and services that meet people's needs.

74. As United Nations specialized agencies, funds and programmes increasingly build Web-based platforms for sharing knowledge and experience among developing countries, these systems should be integrated into a global architecture of e-networks seamlessly accessible to policymakers and development practitioners at all levels to facilitate interaction of all stakeholders applying South-South and triangular cooperation in efforts to meet the internationally agreed development goals, including the Millennium Development Goals. The strategic aim of this interactive system, involving both South-South and triangular cooperation, should be the promotion of inclusive globalization centred on the welfare of societies and the natural environment.